

STATE: MINNESOTA

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C. For rate years beginning on or after July 1, 2001 and for admissions occurring on or after July 1, 2001, beginning with the 91st paid day after admission, the payment rate is the rate otherwise determined under this Section.

D. For the rate year beginning July 1, 2001, the Department will adjust the operating payment rates for low-rate facilities. For each case mix level, if the amount computed under item A is less than the amount of the operating payment rate target level for July 1, 2001, below, the Department will make available the lesser of the amount of the operating payment rate target level for July 1, 2001, or an increase of ten percent over the rate in effect on June 30, 2001, as an adjustment to the operating payment rate. For the purposes of this item, facilities are considered metro if they are located in Anoka, Carver, Dakota, Hennepin, Olmsted, Ramsey, Scott, or Washington counties; or in the cities of Moorhead or Breckenridge; or in St. Louis county, north of Toivola and south of Cook; or in Itasca county, east of a north south line two miles west of Grand Rapids.

Operating Payment Rate Target Level for July 1, 2001

Case Mix Classification	Metro	Nonmetro
A	\$76.00	\$68.13
B	\$83.40	\$74.46
C	\$91.67	\$81.63
D	\$99.51	\$88.04
E	\$107.46	\$94.87
F	\$107.96	\$95.29
G	\$114.67	\$100.98
H	\$126.99	\$111.31
I	\$131.34	\$115.06
J	\$138.34	\$120.85
K	\$152.26	\$133.10

E. For the rate year beginning July 1, 2001, two-thirds of the money resulting from the rate adjustment under item A and one-half of the money resulting from the rate adjustment under items B through D must be used to increase the wages and benefits and pay associated costs of all employees except management fees, the administrator, and central office staff.

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(1) Money received by a facility resulting from the rate adjustments under items A through D must be used only for wage and benefit increases implemented on or after July 1, 2001.

(2) A facility may apply for the portions of the rate adjustments under this item. The application must be made to the Department and contain a plan by which the facility will distribute the funds to its employees. For a facility in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan, if the agreement is finalized after June 30, 2001.

(a) The Department will review the plan to ensure that the rate adjustments are used as required in this item.

(b) To be eligible, a facility must submit its plan for the wage and benefit distribution by December 31, 2001. If a facility's plan for wage and benefit distribution is effective for its employees after July 1, 2001, the portion of the rate adjustments are effective the same date as its plan.

(3) A hospital-attached facility may include costs in its distribution plan for wages and benefits and associated costs of employees in that organization's shared services departments, provided that the facility and the hospital share common ownership and adjustments for hospital services using the diagnostic-related grouping payment rates per admission under Medicare are less than three percent during the 12 months before July 1, 2001. If a hospital-attached facility meets these qualifications, the difference between the rate adjustments approved for nursing facility services and the rate increase approved for hospital services may be permitted as a distribution in the hospital-attached facility's plan regardless of whether the use of the funds is shown as being attributable to employee hours worked in the facility or employee hours worked in the hospital.

F. Notwithstanding Sections 1.020 and 18.020, upon the request of a facility, the Department may authorize the facility to raise per diem rates for private-pay residents on July 1 by the amount anticipated to be required upon implementation of the rate adjustments allowable under items A through D. Until the rate is finalized, the Department will require any amounts collected, which must be used as provided in this item, to be placed in an escrow account established for this purpose with a financial institution that provides deposit insurance. The Department shall conduct audits as necessary to ensure that:

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(1) the amounts collected are retained in escrow until rates are increased to reflect the wage-related adjustment; and

(2) any amounts collected from private-pay residents in excess of the final rate are repaid to the private-pay residents with interest.

G. For rate years beginning on or after July 1, 2001, in calculating a facility's operating cost per diem for the purposes of constructing an array, determining a median, or otherwise performing a statistical measure of facility payment rates to be used to determine future rate increases, the Department will exclude adjustments for raw food costs under Section 8.020, item B, that are related to providing special diets based on religious beliefs.

H. For the rate year beginning July 1, 2001, facilities that changed their bed licensure from board and care beds to nursing home beds must have the additional cost of surcharge included in their rate. The increase is added following the determination of the payment rate for the rate year beginning July 1, 2001, and is included in the facility's total payment rates for the purposes of determining future rates.

I. For the rate year beginning July 1, 2001, non-profit facilities in the county with the fewest beds per 1000 for age 65 and over that are not accepting beds from another closing non-profit facility receive a total increase of \$10 in each case mix rate, as a result of increases provided under this item and item D. The increases under this item are added before the determination under item D, of the payment rate for the July 1, 2001 rate year, and are included in the facility's total payment rate for purposes of determining future rates through June 30, 2004.

SECTION 22.068 Facility rate increases beginning January 1, 2002. For the rate period from January 1, 2002 through June 30, 2002, facilities that went from non-profit to for-profit status in 2000 receive an increase of \$2.54 in each case mix payment rate to offset property tax payments due as a result of the facility's conversion from nonprofit to for-profit status. The increase will be added following the determination of the payment rate for the rate year beginning July 1, 2001, and will be included in a facility's total payment rates for the purposes of determining future rates.

SECTION 22.069 Facility rate increases beginning July 1, 2002.

A. For the rate year beginning July 1, 2002, the Department will provide an adjustment equal to 3.0 percent of the total operating payment rate. The operating payment

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rates in effect on June 30, 2001 include the adjustment in Section 11.070.

B. For the rate year beginning July 1, 2002, the Department will adjust the operating payment rates for low-rate facilities. For each case mix level, if the amount computed under items A is less than the amount of the operating payment rate target level for July 1, 2002, below, the Department will make available the lesser of the operating payment rate target level for July 1, 2002, or an increase of ten percent over the rate in effect on June 30, 2002, as an adjustment to the operating payment rate. For the purposes of this item, facilities are considered metro if they meet the requirements in Section 22.067, item D.

Operating Payment Rate Target Level for July 1, 2002

Case Mix Classification	Metro	Nonmetro
A	\$78.28	\$70.51
B	\$85.91	\$77.16
C	\$94.42	\$84.62
D	\$102.50	\$91.42
E	\$110.68	\$98.40
F	\$111.20	\$98.84
G	\$118.11	\$104.77
H	\$130.80	\$115.64
I	\$135.38	\$119.50
J	\$142.49	\$125.38
K	\$156.85	\$137.77

C. For the rate year beginning July 1, 2002, two-thirds of the money resulting from the rate adjustment under item A, and one-half of the money resulting from the rate adjustment under Section 22.067, items B and C and item B of this Section, must be used to increase the wages and benefits and pay associated costs of all employees except management fees, the administrator, and central office staff.

(1) Money received by a facility resulting from the rate adjustments under item A, Section 22.067, items B and C and item B of this Section must be used only for wage and benefit increases implemented on or after July 1, 2002.

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(2) A facility may apply for the portions of the rate adjustments under this item. The application must be made to the Department and contain a plan by which the facility will distribute the funds to its employees. For a facility in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan, if the agreement is finalized after the date of enactment of all increases for the rate year.

(a) The Department will review the plan to ensure that the rate adjustments are used as required in this item.

(b) To be eligible, a facility must submit its plan for the wage and benefit distribution by December 31, 2002. If a facility's plan for wage and benefit distribution is effective for its employees after July 1, 2002, the portion of the rate adjustments are effective the same date as its plan.

(3) A hospital-attached facility may include costs in its distribution plan for wages and benefits and associated costs of employees in that organization's shared services departments, provided that the facility and the hospital share common ownership and adjustments for hospital services using the diagnostic-related grouping payment rates per admission under Medicare are less than three percent during the 12 months before July 1, 2002. If a hospital-attached facility meets these qualifications, the difference between the rate adjustments approved for nursing facility services and the rate increase approved for hospital services may be permitted as a distribution in the hospital-attached facility's plan regardless of whether the use of the funds is shown as being attributable to employee hours worked in the facility or employee hours worked in the hospital.

D. Notwithstanding Sections 1.020 and 18.020, upon the request of a facility, the Department may authorize the facility to raise per diem rates for private-pay residents on July 1 by the amount anticipated to be required upon implementation of the rate adjustments allowable under item A, Section 22.067, items B and C, and item B of this Section. Until the rate is finalized, the Department will require any amounts collected, which must be used as provided in this item, to be placed in an escrow account established for this purpose with a financial institution that provides deposit insurance. The Department shall conduct audits as necessary to ensure that:

(1) the amounts collected are retained in escrow until rates are increased to reflect the wage-related adjustment; and

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(2) any amounts collected from private-pay residents in excess of the final rate are repaid to the private-pay residents with interest.

E. Each facility paid pursuant to Section 22.000 receives an increase in each case mix payment rate of \$1.25, which is added following the determination of the payment rate for the facility. This increase is not subject to any annual percentage increase.

SECTION 22.070 Contract payment rates; appeals. If a provider appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under the contractual alternative payment methodology, the Department and the nursing facility may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively in accordance with the appeal decision.

SECTION 22.080 Exemptions. To the extent permitted by federal law:

A. Nursing facilities that are Medicare certified and filing a Medicare cost report and have entered into a contract under this section are not required to file a cost report as described in Section 2.000 for any year after the base year that is the basis for the calculation of the contract payment rate for the first rate year of the alternative payment contract. Nursing facilities that are not Medicare certified and are not filing a Medicare cost report must file a cost report as described in Section 2.000.

B. A facility under contract is not subject to audits of historical costs or revenues, or paybacks or retroactive adjustments based on these costs or revenues, except audits, paybacks, or adjustments relating to the cost report that is the basis for calculation of the first rate year under the contract, and all subsequent rate years affected by changes to that first rate year payment rate.

C. A facility that is under contract with the state under this section is not subject to the state's moratorium law on licensure or certification of new nursing home beds, unless the project results in a net increase in bed capacity or involves relocation of beds from one site to another. Contract payment rates must not be adjusted to reflect any additional costs that a nursing facility incurs as a result of a construction project undertaken under this paragraph.

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D. As a condition of entering into a contract under Section 22.000, a nursing facility must agree that any future medical assistance payments for nursing facility services will not reflect any additional costs attributable to the sale of a nursing facility under the State plan or to construction undertaken under this section that otherwise would not be authorized under the moratorium exception process.

E. Nothing in this section prevents a nursing facility participating in the contractual alternative payment rate methodology described in this section from seeking approval of an exception to the state's nursing home moratorium law through the process established in that law. The projected costs of the moratorium exception project are not required to exceed the cost threshold, which is \$1,000,000 for projects approved after July 1, 2001.

(1) If a moratorium exception application is approved, the nursing facility's payment rate for property shall be adjusted to reflect the cost of the approved project.

(2) If a nursing facility from receives legislative approval of an exception to the moratorium, the facility's rate must be adjusted to reflect the cost of the project.

F. Notwithstanding the state's law governing the level of nursing home Medicare certification, and pursuant to any terms and conditions contained in the facility's contract, a nursing facility contracting with the state under this section is in compliance with state laws if the nursing facility is Medicare certified.

G. A nursing facility under contract is allowed to change therapy arrangements from an unrelated vendor (i.e., a therapist not working for the nursing facility) to a related vendor during the term of the contract.

SECTION 22.090 Consumer protection.

A. As a condition of entering into a contract under this section, a nursing facility must agree to establish resident grievance procedures that are similar to those required under state law.

B. The nursing facility may also be required to establish expedited grievance procedures to resolve complaints made by short-stay residents.

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C. The facility must notify its resident council of its intent to enter into a contract and must consult with the council regarding any changes in operation expected as a result of the contract.

SECTION 22.100 Contracts are voluntary.

A. Election by a nursing facility of the contractual alternative payment rate is voluntary.

B. The terms and procedures governing the alternative payment rates are determined under Section 22.000 and through negotiations between the Department and nursing facilities that have submitted a letter of intent to elect the alternative payment rate.

C. For purposes of developing requests for proposals and contract requirements, and negotiating the terms, conditions, and requirements of contracts, the Department is exempt from state rulemaking requirements.

SECTION 22.110 Federal requirements. The Department will implement the contractual alternative payment methodology subject to any required federal approvals, and in a manner that is consistent with federal requirements. If a provision of this section is inconsistent with a federal requirement, the federal requirement supersedes the inconsistent provision. The Department will seek federal approval and request waivers as necessary to implement this section.

SECTION 22.120 Salary adjustments. Effective July 1, 1998, and ending June 30, 2004 if the performance-based contracting payment system is not implemented until July 1, 2004, the Department will make available the appropriate salary adjustment per diem calculated in Section 11.070 to the total operating cost payment rate of each nursing facility subject to payment under this section.

SECTION 22.130 Separate billings for therapy services. Nursing facilities must limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to the inflated amount from the facility's base year cost report. Nursing facilities that are located in a county participating in the state's §1115 prepaid medical assistance waiver program are exempt from this maximum therapy rent revenue requirement.

SECTION 22.140 Payment for preadmission screening fees. The estimated annual cost of

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screenings for each nursing facility are included as an allowable operating cost for reimbursement purposes. The estimated annual costs are divided by the facility's actual resident days for the cost report period. The resulting per diem amount is included in the calculation of the total payment rate.